HOUSE BILL No. 1171

———

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-4.

Synopsis: Taxation of military pension benefits or salary. Phases in over six years a 100% individual income tax deduction for all military pay, including retirement and survivor's benefits.

Effective: January 1, 2009 (retroactive).

Ruppel, Koch, GiaQuinta

January 12, 2009, read first time and referred to Committee on Ways and Means.

C
o
p
y

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~
  Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.
  Conflict reconciliation: Text in a statute in *this style type* or *~~this style type~~* reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1171

—————

  A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

  Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-2-4, AS AMENDED BY P.L.144-2007,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2009 (RETROACTIVE)]: Sec. 4. (a) Each taxable year,
4 an individual, or the individual's surviving spouse, is entitled to an
5 adjusted gross income tax deduction for ~~the first five thousand dollars~~
6 ~~($5,000)~~ of income, including retirement or survivor's benefits,
7 received during the taxable year by the individual, or the individual's
8 surviving spouse, for the individual's service in an active or reserve
9 component of the armed forces of the United States, including the
10 army, navy, air force, coast guard, marine corps, merchant marine,
11 Indiana army national guard, or Indiana air national guard, **as follows:**
12   **(1) For the taxable year beginning in 2009, the first five**
13   **thousand dollars ($5,000) of the individual's income described**
14   **in this subsection. However, a person who is less than sixty**
15   **(60) years of age on the last day of the person's taxable year**
16   **is not entitled to a deduction under this subdivision for**
17   **retirement or survivor's benefits.**

2

(2) For taxable years beginning in 2010 and 2011, the greater of:
    (A) the first five thousand dollars ($5,000); or
    (B) fifty percent (50%);
of the individual's income described in this subsection.
(3) For taxable years beginning in 2012 and 2013, the greater of:
    (A) the first five thousand dollars ($5,000); or
    (B) seventy-five percent (75%);
of the individual's income described in this subsection.
(4) For taxable years beginning in 2014 and thereafter, one hundred percent (100%) of the individual's income described in this subsection.
~~However, a person who is less than sixty (60) years of age on the last day of the person's taxable year, is not, for that taxable year, entitled to a deduction under this section for retirement or survivor's benefits.~~
    (b) **In the case of** an individual whose qualified military income is subtracted from the individual's federal adjusted gross income under IC 6-3-1-3.5(a)(23) for Indiana individual income tax purposes:
    (1) the individual is not, for that taxable year, entitled to a deduction under this section for the individual's qualified military income; **and**
    (2) the individual's qualified military income may not be used to calculate the percentage of income deducted under subsection (a).
    SECTION 2. [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]
IC 6-3-2-4, as amended by this act, applies to taxable years beginning after December 31, 2008.
    SECTION 3. **An emergency is declared for this act.**

2009   IN 1171—LS 6017/DI 116+